



FRONTKEN CORPORATION BERHAD

(651020-T)

(Incorporated in Malaysia under the Companies Act 2016)

BOARD CHARTER

Reviewed on 1 August 2023

FRONTKEN

BOARD CHARTER

1. OVERVIEW

The Board is primarily responsible for ensuring that Frontken has an appropriate corporate governance structure to ensure the creation and protection of shareholders' value.

The Board is also responsible for ensuring that management recognizes Frontken's legal and other obligations to all legitimate stakeholders. "Stakeholders" are groups that are likely to feel a social, environment, economic or financial impact from Frontken's actions. They include shareholders, Directors, customers, suppliers, employees, government regulators and members of the communities where Frontken operates and are affected by Frontken's activities.

Frontken's obligations to its Stakeholders require that appropriate accountability and control systems are in place.

This Board Charter explains Frontken's commitment to corporate governance. It is not an "all inclusive" document and should be read as a broad expression of principles.

2. BOARD'S ROLES AND RESPONSIBILITIES

2.1 Composition of the Board

The Board comprises:

- (a) Directors with an appropriate range of skills, experience, and expertise;
- (b) Directors who have proper understanding of, and competence to deal with, current and emerging issues of the business of Frontken;
- (c) Directors who can effectively review and challenge the performance of management and exercise independent judgment; and
- (d) At least one-third are Independent Directors who have met the requirements prescribed by the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The Board should be of a size and composition that is conducive to making decisions expediently, with the benefit of a variety of perspectives and skills, and in the best interest of the Group as a whole rather than of individual shareholders or other stakeholders.

2.2 The Board

The Board is responsible for setting the strategic direction of the Group and monitors the implementation of that strategy by the management team, including:

2.2.1 Strategy and Planning

- (i) Establish overall business objectives and consider whether they continue to be appropriate in the context of business opportunities being pursued.
- (ii) Review and approve management strategies and plans designed to pursue business objectives and ensure they continue to remain prudent in the context of the objectives of the business, the economic environment, available resources and reasonable achievability of results.
- (iii) Approve and monitor the progress of major capital expenditure and acquisitions/divestitures.
- (iv) Establish procedures for the approval of all significant acquisitions and major contracts entered into outside the ordinary course of the Group's business.
- (v) Approve 12 months' operational budgets and evaluate results against budgets in the context of business objectives, strategies and operations plans being pursued.
- (vi) Approve all major changes to the structure of the organization.

2.2.2 Human Resource Management

- (i) Define required Board's competencies and number and profile of Board members.
- (ii) Appoint Board members.
- (iii) Approve induction programme for new Board members and ongoing training programmes.
- (iv) Ensure easy access to internal and external sources of information and advice.
- (v) Manage performance of the Board as a whole and of the individual members.
- (vi) Appoint the Chief Executive Officer (CEO), review the performance of the CEO and provide counseling and mentoring, if and when required.
- (vii) Evaluate performance of senior management.
- (viii) Approve appointment and removal of the Company Secretary.
- (ix) Approve executive succession plans.

2.2.3 Remuneration

- (i) Determine remuneration of Directors to ensure that they are consistent with sustainable achievement of business objectives, prudent management of operations and prompt ongoing assessments on the risks to which the Group is exposed.
- (ii) Approve remuneration and contracts of senior management on the recommendation of the CEO.
- (iii) Approve employees' share option schemes, if any, for submission to shareholders for approval at General Meeting and any other senior executives' incentive schemes.

2.2.4 Capital Management and Financial Reporting

- (i) Monitor and review the capital and solvency positions of the Group.
- (ii) Approve quarterly reports, audited financial statements and Annual Report.
- (iii) Approve dividend policy and dividend payments.
- (iv) Approve major financing arrangements.

2.2.5 Performance Monitoring

- (i) Approve relevant financial and non-financial Key Performance Indicators (KPIs) to be reported by management.
- (ii) Remuneration Committee to conduct KPI review with the CEO and senior management annually.
- (iii) Consider and approve any action/remediation plans to be implemented.

2.2.6 Risk Management

- (i) Review major risks the Group is likely to be exposed to, with such risks encompassing finance, operations, regulatory compliance, reputation, cyber security sustainability.
- (ii) Review risk management resources, structures and processes and consider and approve changes.
- (iii) Approve the Group's risk appetite/tolerance and risk management strategies.
- (iv) Monitor compliance with all legal, tax and regulatory obligations.
- (v) Review and ratify systems of risk management and internal compliance and controls, codes of conduct, continuous disclosure, legal compliance and other significant corporate policies annually.
- (vi) Review the effectiveness of the Group's implementation of its risk management system.

2.2.7 Audit and Compliance

- (i) Recommend the appointment/re-appoint/replace the external auditors and their remuneration for the approval of shareholders at General Meeting.
- (ii) Define the scope of the external audit function.

- (iii) Review the control environment and audit and compliance resources, structure and processes and consider and approve changes.
- (iv) Approve the scope of internal audit and compliance issues.
- (v) Review significant audit and compliance issues and consider and approve action and remediation plans.

2.2.8 Board Processes and Policies

- (i) Decide the role and composition of Board committees.
- (ii) Approve delegated authorities.
- (iii) Define and execute a policy dealing with conflicts of interest.
- (iv) Define policy and procedures relating to related-party transactions, dealings in securities by Directors and principal officers, whistle blowing and insider trading policy.
- (v) Approve policies dealing with Directors' liabilities, indemnities and insurance.

In discharging his/her duties, each Director must:

- (a) Exercise due care and diligence;
- (b) Act in good faith in the best interests of the Group and its shareholders;
- (c) Not improperly use his/her position or misuse information of the Group;
- (d) Commit the time necessary to discharge effectively his/her role as a Director; and
- (e) Ensure that other commitments, including other directorships, do not interfere with their duties and responsibilities as a member of the Company's board.

All Directors are entitled to be heard at all meetings and should bring an independent judgment to bear in decision-making. It is expected that every Director will make an effort to attend each board meeting and the meeting of any committee on which the Director sits. Attendance in person is preferred, but attendance by teleconference is permitted. Each Director should be familiar with the agenda for each meeting, have carefully reviewed all materials distributed in advance of the meeting, and be prepared to participate meaningfully in the meeting.

2.3 Role of Directors

The Independent Directors are independent of management and are those who have the ability to exercise their duties unfettered by any business or other relationship and are willing to express their opinion at Board meetings free of concern about their position or the position of any third party. They ensure that the interests of all shareholders are taken into account by the Board and that the relevant issues are given objective and impartial consideration by the Board.

The Board does not believe it is possible to draft a list of criteria that are appropriate to characterise, in all circumstances, whether a Non-Executive Director is independent. It is the approach and attitude of each Non-Executive Independent Director that is critical and this must be considered in relation to each Director while taking into account all other relevant factors, which may include those set out in paragraph 1.01 and PN13 of the Listing Requirements.

Directors are best able to determine if they have an interest or relationship that is likely to impact on their independence. As such, each Director is expected to advise the Chairman immediately if he/she believes that he/she may no longer be independent.

Each Director must immediately disclose to the Chairman (with a copy to the Company Secretary) all information relevant for determining whether such Director is independent, including details of entities in which the Director has a direct or indirect shareholding (or other interest), or is a director of.

2.4 Role of Chairman

The Chairman is primarily responsible to lead the Board. The Chairman's responsibilities include:

- (a) Leading the Board in its responsibilities for the business and affairs of the Company and its oversight of management.
- (b) Overseeing the Board in the effective discharge of its supervisory role.

- (c) The efficient organization and conduct of the Board's function and meetings.
- (d) Facilitating the effective contribution of all Directors.
- (e) Briefing of all Directors in relation to issues arising at meeting.
- (f) The promotion of constructive and respectful relations between Board members and between the Board and the management.
- (g) Committing the time necessary to discharge effectively his/her role as Chairman.
- (h) Ensuring that there is regular and effective evaluation of the Board's performance.

In performing this role, the Chairman must work with senior management, manage the Board, and promote effective relations with shareholders, other stakeholders and the public.

2.5 Role of the CEO

The responsibilities of the CEO, amongst others, are as follows:

- to develop and implement corporate strategies for the Group;
- to supervise heads of divisions and departments who are responsible for all functions contributing to the success of the Group;
- to ensure the efficiency and effectiveness of the operations for the Group;
- to assess business opportunities which are of potential benefit to the Group; and
- to bring material, significant and other relevant matters to the attention of the Board in an accurate and timely manner.

2.6 Role of Board Committees

The Board may from time to time establish Board Committee as is considered appropriate to assist in carrying out its duties and responsibilities.

The Board has established the following Board Committees to assist and advise the Board in fulfilling its duties and responsibilities:

- (a) Nomination Committee, to assist the Board in relation to:
 - Appointments and assess the performance of directors;
 - Directors' induction programme;
 - Committee membership; and
 - Senior management succession planning, appointment and termination.
- (b) Remuneration Committee, to assist the Board in relation to:
 - Remuneration policies for Directors;
 - Remuneration policies for the CEO, CFO and senior management; and
 - Grant of ESOS.
- (c) Audit Committee, to assist the Board in relation to:
 - Assessing the reliability and integrity of information for inclusion in the Company's financial statements;
 - Enterprise-wide risk management;
 - Compliance with legal and regulatory obligations;
 - The integrity of the Group's internal control framework; and
 - Assess the independence of the external and internal auditors.

With the exception of certain limited delegations contained in their respective charters, recommendations of the Committees are to be referred to the Board for approval.

2.7 Role of Senior Independent Non-Executive Director (SINED)

The role of the SINED shall among others includes the following:

- A sounding board for the Chairman;
- An intermediary for other Directors, when necessary; and
- the point of contact for shareholders and other stakeholders and the Board and management.

2.8 Role of Company Secretary

The roles and responsibilities of a Company Secretary include, but are not limited to the following:

- Manage all board and committee meeting logistics, attend and record minutes of all board and committee meetings and facilitate board communications;
- Advise the board on its roles and responsibilities;
- Facilitate the orientation of new directors and assist in director's training and development;
- Advise the board on corporate disclosures and compliance with company and securities regulations and listing requirements;
- Manage processes pertaining to the annual shareholders' meeting;
- Monitor corporate governance developments and assist the board in applying governance practices to meet the board's needs and stakeholders' expectations; and
- Serve as a focal point for stakeholders' communication and engagement on corporate governance issues.

3. BOARD & BOARD COMMITTEE MEETINGS

The Board schedules at least four (4) meetings a year at quarterly intervals with additional meetings convened whenever urgent and important matters need to be deliberated or decisions are required. The Board ensures that its decision as well as the issues deliberated on before arriving at those decisions are properly documented and implemented.

The Audit Committee meets at least four (4) times annually. The Nomination and Remuneration Committees meet at least once a year and also as and when required.

An interested Director will have to make an immediate declaration to the Board of his/her interest and he/she is required to abstain from deliberations and voting on such transaction.

The Board may invite external parties such as auditors (both internal and/or external auditors), solicitors or consultants as and when the need arises. Such invited parties may attend part or all of the Board Meeting at the discretion of the Board.

4. ACCESS TO INFORMATION AND INDEPENDENT ADVICE

The Board and Committees must be provided with the information they need to efficiently discharge their responsibilities.

The management must supply the Board and Committees with information in a form, timeframe and quality that enables the Board and Committees to effectively discharge their duties. All Directors are to receive copies of Board papers in a timely manner. Directors are entitled to request and receive such additional information as they consider necessary to support informed decision-making. The Directors have the authority to seek any information they require from any employee of the Group and all employees must comply with such requests. It is expected that such requests and any significant issues are communicated to the Chairman, CEO, CFO or Company Secretary.

Any Director may take such independent legal, financial or other advice as they consider necessary at the Company's cost. Any Director seeking independent advice must first discuss the request with the Chairman who will facilitate obtaining such advice and, where appropriate, dissemination of such advice to all Directors.

5. DEALINGS IN SECURITIES

The Company imposes restrictions on the trading of securities by Directors and principal officers with undisclosed price-sensitive information. All Directors must adhere to the said policy.

6. FINANCIAL REPORTING

The Board shall aim to provide and present a balanced and meaningful assessment of the Group's financial performance and prospects at the end of the financial year, primarily through the annual financial statements and quarterly financial reports to the shareholders. The Board is assisted by the Audit Committee to oversee the Company's financial reporting process and the quality of the financial reporting.

7. INVESTOR RELATIONS

The Company is committed to promoting on-going and interactive communications with its shareholders. This link is achieved through the annual reports, the quarterly announcements and the shareholders' meetings. At the AGM and other general meetings, the Company uses this avenue to gather views of, and answers questions from the shareholders on all issues relevant to the Group. Shareholders participation is encouraged during the question and answer sessions in the general meetings, and for shareholders to provide suggestions and comments for consideration by management.

The Company's interactive website, www.frontken.com, contained an Investor Relations section where the shareholders could also communicate with the Board through the Senior Independent Non-Executive Director.

8. ORIENTATION AND CONTINUING EDUCATION

New Directors will receive a comprehensive orientation from appropriate executives and staff regarding the business affairs of the Company. Directors are expected to remain abreast of issues and events in the sectors where the Group has an operating interest and shall continue to update their knowledge and enhance their skills through appropriate continuing education programmes and life-long learning.

The Directors would also be updated by the Company Secretary on new statutory, corporate and regulatory developments relating to Directors' duties and responsibilities or the discharge of their duties as Directors of the Company.

9. BOARD ASSESSMENT

The Board and its Committees will evaluate their own performance and effectiveness annually with the objective of continuous improvements. Generally, the Board' performance will be measured against the following key metrics, including:

- The effectiveness with which the Board functions, including satisfaction of Board members regarding the functioning of the Board;
- The extent to which the Company carries out its responsibilities to shareholders, employees, customers, governments and the public; and
- The quality of communications between the Board and management, including satisfaction of members of management and Board members regarding this communication.

The Nomination Committee is responsible for coordinating and overseeing the annual Board evaluation process in accordance with the Terms of Reference of that Committee.

10. TIME COMMITMENT

The Directors shall give their time commitment to commensurate with the roles they play within the Group.

One should notify the Chairman before accepting any new directorships which notification should provide an indication of time that will be spent in the new appointment.

11. DIVERSITY AND INCLUSION POLICY

The Board believes that it is important that membership of the Board includes a diverse mixture of skills, professional and industry backgrounds, geographical experience and expertise, gender, tenure, ethnicity, and diversity of thoughts. In addition, it is also recognised that a diverse Board with a range of views, insights, perspectives, and opinions will improve its decision making and be of great benefits to the company's stakeholders; and it is crucial for the Board and its Committees to lead the diversity and inclusion policy.

The Board and its Committees are committed to make sure every employee that are included within the group have an equal and inclusive opportunity to succeed, regardless of age, ethnicity, cultural background, gender identity, marital or family status, religion, disabilities, socio-economic background or sexual orientation.

The Board and its Committees strive to create an open, safe and trusting work environment characterised by equal opportunity, as well as a diverse, inclusive, collaborative and learning culture, and empower them to achieve their full potential both personally and professionally.

The Board and its Committees recognize the important value and advantages of having a diversified and inclusive workforce and will continuously seek to promote an inclusive culture where employees from different backgrounds, with different capabilities, perspectives and experiences are recognized for their contribution to the best of their abilities.

12. REVIEW OF BOARD CHARTER

This Board Charter approved by the Board shall be reviewed from time to time, as and when required or necessary, to ensure that new laws, regulations or relevant developments having an impact on the discharge of the Board's responsibilities are taken into account.

Approved by the Board on 03 May 2023.